

FUTURE-PROOFING NONPROFITS FOR THE POST-PANDEMIC WORLD

The Voice of Charities Facing
COVID-19 Series



ABOUT THIS REPORT

As the one-year anniversary of the pandemic approaches, this report takes account of charities around the world that have been performing their duties under extreme pressure. While many organizations have been forced to close during the past year, those with sustained operations have shown remarkable grit and determination in the face of new challenges caused by the COVID-19 virus.

In its sixth COVID-19 survey from December 2–16, 2020, **CAF America**, in partnership with **Indiana University Lilly Family School of Philanthropy** and **The Resource Alliance**, polled 805 charitable organizations representing 152 countries to learn about the skills these resilient charities have relied on to persevere and those they are focused on strengthening as they continue to provide services through the pandemic and strive to emerge stronger than before.

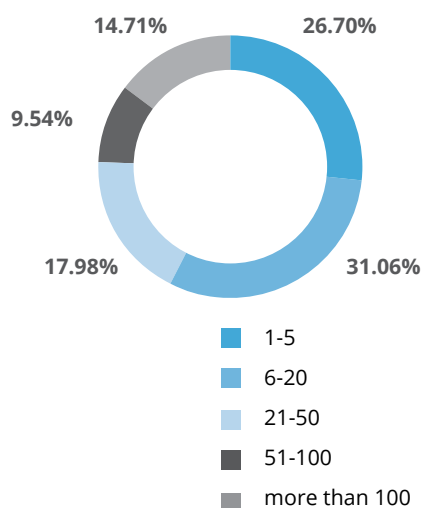
The global pandemic has affected nearly every nonprofit across the globe. Strengthening the critical competencies of mission-driven organizations is paramount to their survival and their ability to address the growing needs of the vulnerable populations they serve. From the immediate need for digital transformation to the ongoing need for communication strategies and effective fundraising, the challenges facing nonprofits are significant and pervasive, and demand a skillful response.

This report lays out the priorities for capacity building that charities consider essential to their success now and post-pandemic. Funders should be encouraged by the tenacity of these organizations and may want to consider how they can broaden their philanthropic strategies to help charities build their resilience and continue to meet the pressing social, economic, and environmental challenges communities face as the world emerges from this pandemic.



805
Organizations

Number of Employees

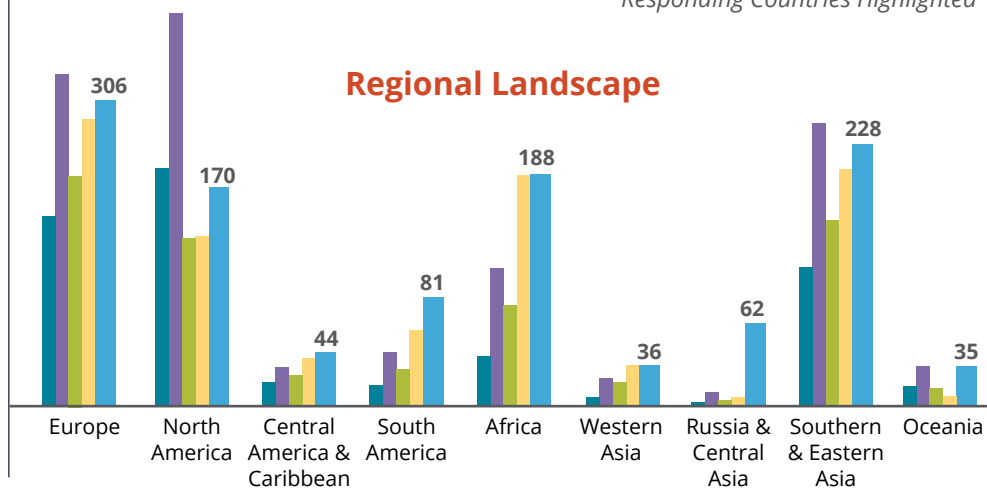


152
Countries



Responding Countries Highlighted

Regional Landscape

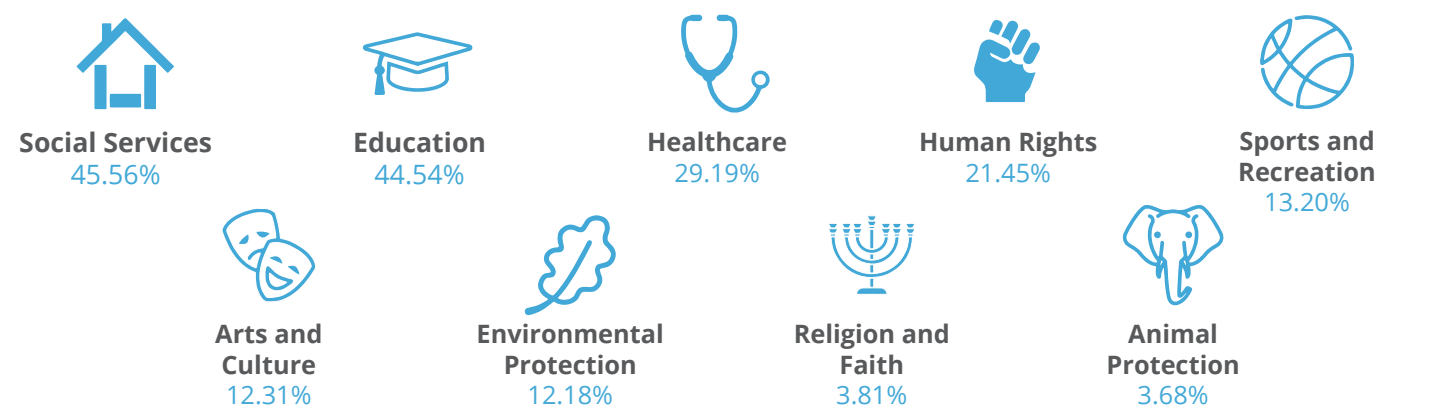


Responses from March 2020 May 2020 June 2020 August 2020 December 2020

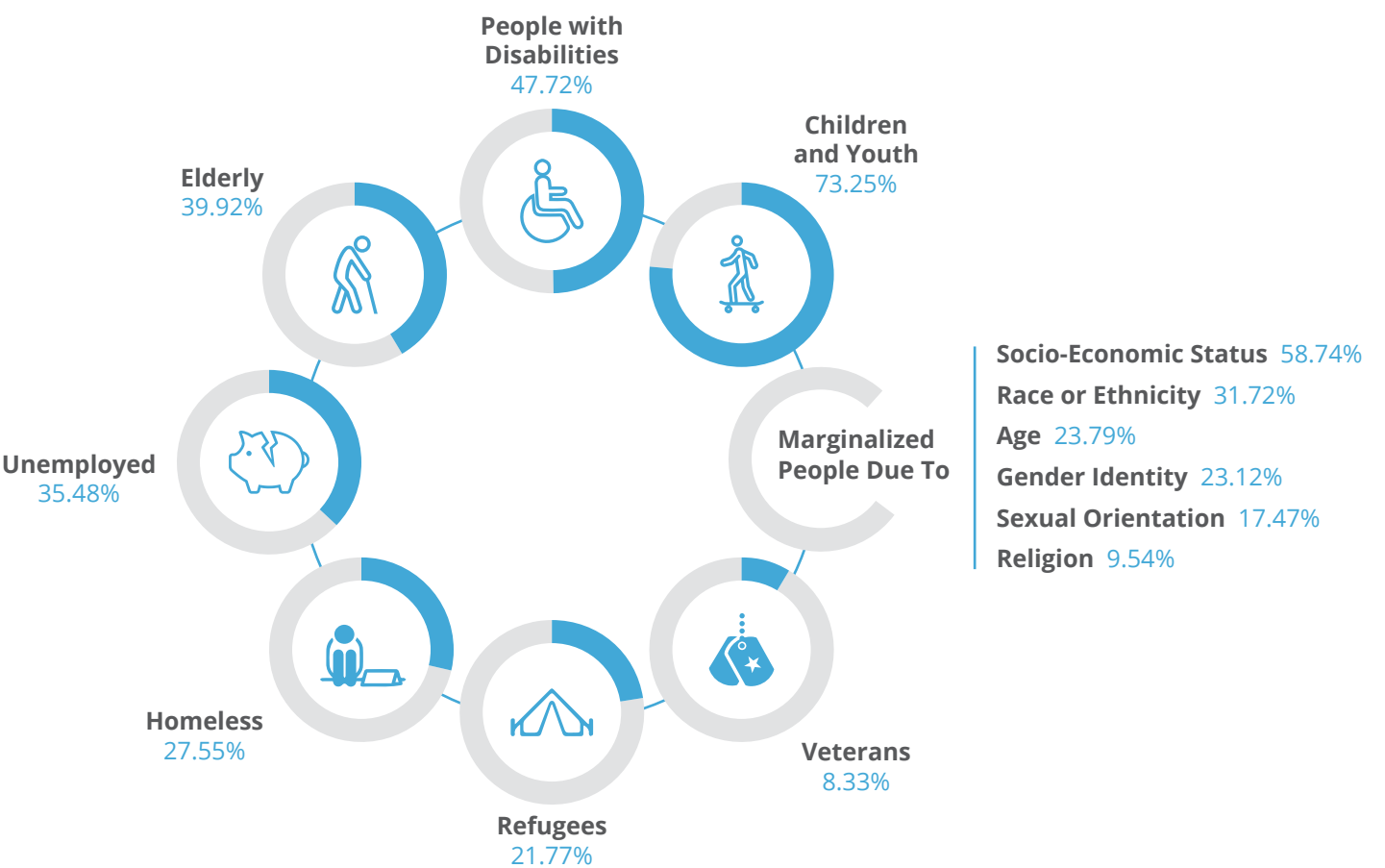
SCOPE OF WORK

The majority of survey respondents work in social services, education, and healthcare, serving the needs of children and youth, and other disadvantaged populations such as the disabled, the elderly, and the unemployed. *As respondent organizations often work across multiple issue areas and/or serve diverse populations, the sum of the following proportions is greater than 100%.*

Scope of work (N=788)



Does your organization support any of the following marginalized or underserved populations? (N=744)



IMPACT

Following a modest improvement during the summer months, an increasing number of organizations continue to confront challenges associated with the coronavirus global pandemic. In this latest survey comprising mainly organizations that continue to operate, approximately 93% of respondents reported being negatively impacted.

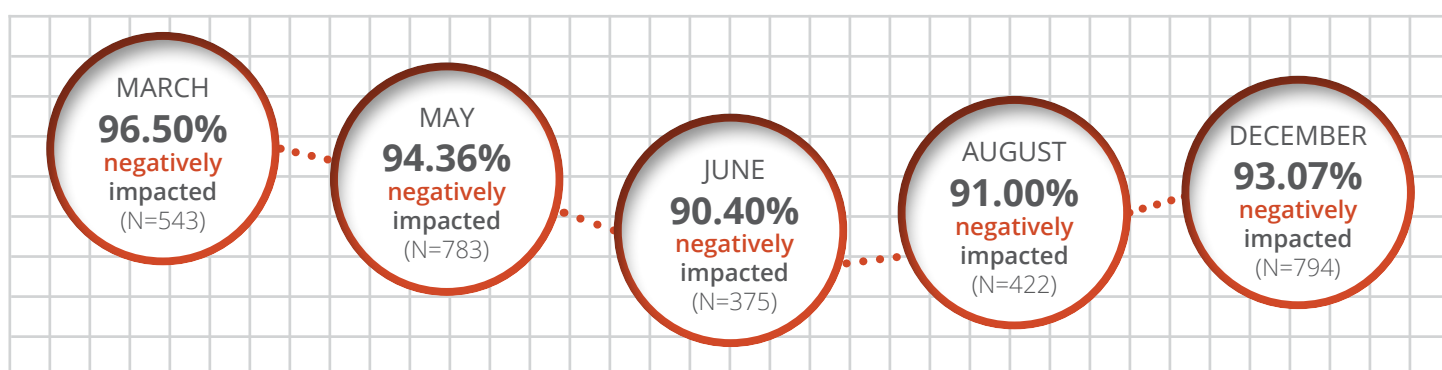
Although the negative impact of the pandemic is felt by organizations both large and small, 60% of the affected respondents have 20 or fewer employees.



93.07%

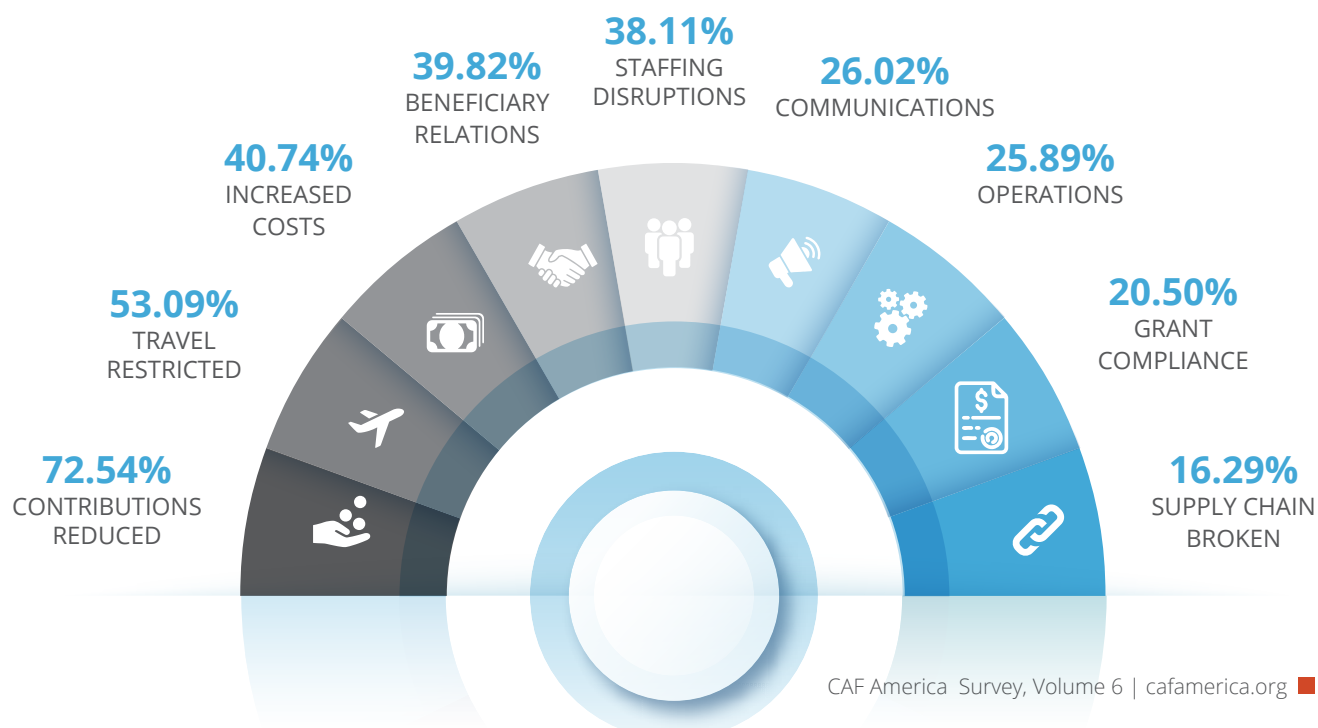
of organizations have been negatively impacted

Is your organization negatively impacted by the coronavirus global pandemic?



Among the greatest concerns for 2021 across affected organizations remain the reduced financial contributions and the sustained travel limitations. Respondent organizations working in **Africa and/or Latin America** also anticipate increased costs as a particular area of challenge; organizations operating in **Asia Pacific** expect challenges in beneficiary relations due to barriers to service; while organizations with operations in **Europe and/or North America** expect challenges in staffing. Only a limited number of respondents, close to 7%, trust that their organization will not experience a negative impact in 2021.

If YES, in which of the following areas do you expect to experience challenges in 2021? (N=761)



INNOVATION



96.87%

Innovated and adapted
(N=799)

An overwhelming number of respondent organizations managed to develop and implement innovative solutions and initiatives to cope with the new challenges. Among the 97% of respondents that affirmed the need to innovate, 74% of these organizations adapted strategies to a digital format, 57% developed new fundraising strategies, and 55% added new services to their programming.

Adding new service offerings or programs was among the top three areas of innovation for respondent organizations across all regions (except Africa). For organizations with operations in Africa, roughly half of innovations (48%) related to shifting programming to focus on frontline relief or essential services.

Which of the following innovations did you implement? (N=775)

73.94%	Adapting programming to the digital realm	1
57.42%	Creating new fundraising strategies and campaigns	2
54.97%	Adding new service offerings/programs	3
45.68%	Collaborating or partnering with other nonprofits to coordinate response	4
42.71%	Shifting programming to focus on frontline relief or essential services	5
42.45%	Modifying existing grant agreements	6
36.77%	Shifting volunteer roles	7
32.90%	Collaborating with the local or national government to coordinate response	8
30.06%	Shifting staff roles	9
24.52%	Narrowing service offerings/programs	10

What were the most successful innovations? (N=767)

1	Adapting programming to the digital realm	62.84%
2	Adding new service offerings/programs	38.59%
3	Shifting programming to focus on frontline relief or essential services	35.20%
4	Creating new fundraising strategies and campaigns	31.42%
5	Collaborating or partnering with other nonprofits to coordinate response	27.25%
6	Modifying existing grant agreements	20.60%
7	Collaborating with the local or national government to coordinate response	17.34%
8	Shifting volunteer roles	16.95%
9	Shifting staff roles	16.95%
10	Narrowing service offerings/programs	10.69%

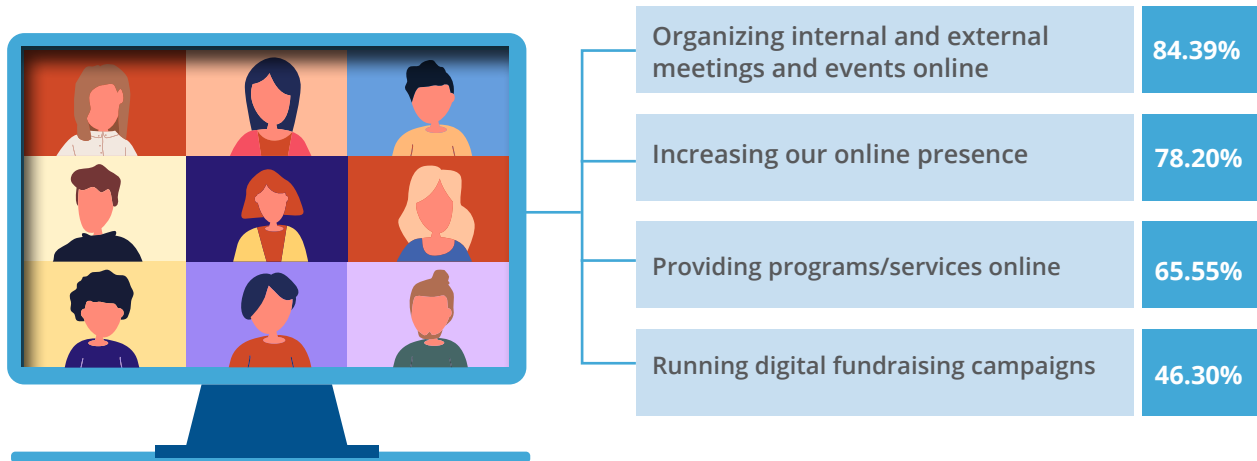
We would really benefit from analytical insights to improve engagement with key stakeholders.

With over 92% of respondents adapting their approaches to online operations, the shift to digital technology has dominated the social sector globally. More than 84% of respondents cite making this transition to organize internal meetings and events, approximately 78% used it to boost their digital presence, 66% to increase their online service offerings, and finally 46% to launch fundraising initiatives. Reflecting the lack of stakeholder access to technology, others expressed the challenge of reaching beneficiary populations that are largely offline.

92.10%

Were able to adapt to digital technology and online operation
(N=797)

Which of the following statements are applicable to your organization? We are... (N=743)



What does the roadmap to resilience for charities look like?

Data indicates a direct link between organizational resilience and the ability to adapt to online operations. This will remain the case post-pandemic. With this in mind, respondents outlined key areas for further development including how to fundraise through digital technology, identify digital tools to better connect with stakeholders, formulate digital strategies, and enhance online programs and service offerings. Numerous write-in responses indicate a need for training to leverage analytics for more purposeful engagement. Others highlight the importance of meeting the needs of their non-digital stakeholders.

Top Capacity Building Opportunities | Technology

Which of the following areas of support or advice would help you to improve? (N=787)

- 1 Finding new ways to fundraise through digital technology **75.60%**
- 2 Identifying digital tools for better connecting with our stakeholders **61.25%**
- 3 Creating a digital strategy for the next phase of COVID-19 and beyond **58.45%**
- 4 Enhancing programs/services online **54.64%**
- 5 Creating/sustaining networks virtually **47.52%**

If our communication isn't effective, our beneficiaries aren't able to get all the services they expect from us.

The social sector's connection to underserved communities is a critical linkage for global development and social progress, and communication lies at its heart. Over 72% of respondent organizations indicate they have communications plans in place to guide their messaging to stakeholders.

72.22%
Have a communications plan
in place
(N=799)

Which of the following statements are applicable to your organization? (N=606)

69.14%	We are effectively engaging our stakeholders
69.14%	Our online and offline publications help promote our cause
58.25%	We are using various communication avenues for effective fundraising



What does the roadmap to resilience for charities look like?

The interest in strengthening communication is highest for fundraising and storytelling to appeal for greater support followed by compelling impact reporting, communications with non-digital and other stakeholders, and video presentation to enhance outreach.

Stakeholder groups most challenging to engage
(N=783)

Beneficiaries **77.65%**
Donors **65.77%**
Volunteers **48.02%**
Staff **22.48%**
Customers/Members **15.84%**
Board of Directors **13.54%**

Top Capacity Building Opportunities | Communications

Which of the following areas of support or advice would help you to improve? (N=791)

- 1 Using communication more effectively for fundraising and resource mobilization **71.05%**
- 2 Telling our story to make an impactful case for support **62.83%**
- 3 Meeting the needs of our non-digital stakeholders **53.60%**
- 4 Compelling reporting and impact stories **52.84%**
- 5 Connecting with all our stakeholders **52.09%**
- 6 Video presentations **42.73%**

As a small nonprofit, it's almost impossible to build up financial reserves, because all you get goes into programs.

Respondent organizations are largely confident in their ability to remain financially sustainable amid the uncertainty created by the pandemic. A closer look at the survey data reveals that organizations with 20 or fewer employees are less likely to maintain financial sustainability. Further, respondent organizations that expressed confidence in their financial sustainability were more likely to work in education versus social services, human rights, or the environment.

69.95%
Are equipped to remain financially sustainable
(N=792)

Over half of respondents still have financial reserves and a risk mitigation strategy in place while 42% have developed growth and sustainability plans for their fiscal management.

Which of the following statements are applicable to your organization? (N=570)



We have financial reserves

54.56%

We have a risk mitigation strategy in place

53.51%

We have robust fiscal management in place to support our future growth and sustainability

41.93%

What does the roadmap to resilience for charities look like?

The areas respondents identified as critical to their success include building and sustaining financial reserves, strategic planning, contingency planning, and developing a risk management framework.

Top Capacity Building Opportunities | Finance

Which of the following areas of support or advice would help you to improve? (N=770)

- 1 Building and sustaining financial reserves **63.38%**
- 2 Strategic planning **52.73%**
- 3 Contingency planning **44.55%**
- 4 Developing a risk management framework **43.25%**
- 5 Budgeting and financial reporting to donors **33.77%**
- 6 Assessing the effect of your country's government policy and regulatory changes that are or are likely to affect the financial security of your organization **33.90%**

I can ask a million ways, but my donors don't respond.

Most charitable organizations have had to rethink their fundraising strategies in order to sustain operations during the global pandemic. Nearly 68% of respondents launched new fundraising initiatives. Over 60% were able to effectively use digital technology for their new fundraising campaigns. These campaigns were effective in both keeping existing donors engaged and reaching new donors.

67.80%
Started new fundraising
initiatives
(N=795)

Which of the following statements are applicable to your organization? (N=555)

60.72%	Our existing donors have responded positively to our new fundraising campaigns
59.82%	We are effectively using digital technology for new fundraising campaigns
44.68%	We are successfully engaging new donors



What does the roadmap to resilience for charities look like?

At a closer look, the data substantiates the fundraising challenges faced by smaller charities that have their entire staff dedicated to serving the increased needs of their beneficiaries. Of organizations unable to dedicate resources to developing and implementing new fundraising initiatives, 65% had 20 employees or fewer. However, no matter the size, key areas of improvement noted by respondents include identifying new avenues for online fundraising, diversifying fundraising sources, and selecting superior fundraising strategies.

Top Capacity Building Opportunities | Fundraising

Which of the following areas of support or advice would help you to improve? (N=777)

- 1 Identifying new avenues for fundraising through digital technology **74.13%**
- 2 Cultivating new and existing donors to diversify funding sources **69.24%**
- 3 Selecting the fundraising activities that would be the most appropriate for our organization **59.72%**
- 4 Fundraising planning **51.48%**
- 5 Proposal writing **39.00%**

These are uncharted waters without any tried and tested template to help navigate.

With over 90% of respondents trusting that their organization has effective leadership and governance in place during the pandemic, the overt call for support in executive and board management is more limited. Over three quarters of respondents feel their leadership is equipped to navigate the crisis, two thirds find their board of directors adequately fills their intended role, and over one quarter have a strategic recovery plan in place.

90.86%

Feel they have effective leadership that can guide them through the pandemic
(N=788)

Which of the following statements are applicable to your organization? (N=724)



What does the roadmap to resilience for charities look like?

While there is confidence in leadership, there is still a need for improved skills and planning. Nearly 60% of respondents indicate an interest in building their change management skills during and beyond the crisis. Other identified skills to improve include strategic planning, building crisis-resilient teams, organizational mental health and wellbeing, and effective internal communication and staff engagement.

Top Capacity Building Opportunities | Leadership

Which of the following areas of support or advice would help you to improve? (N=769)

- 1 Managing change during and beyond a crisis **56.96%**
- 2 Strategic planning **53.19%**
- 3 Building crisis-resilient and effective teams **52.02%**
- 4 Organizational mental health and wellbeing **46.81%**
- 5 Effective internal communication and staff engagement **42.52%**
- 6 Remote staff management and engagement **37.58%**
- 7 Engaging the organization's board of directors **30.30%**

DIVERSITY, EQUITY, AND INCLUSION

While we practice DEI, we want to do it in a more structured and focused manner.

82.26%

Have effective diversity, equity, and inclusion (DEI) policies in place
(N=789)



Among the major systemic problems the pandemic has revealed and amplified are the structural inequalities in our society and the need for social justice and widespread support for diversity, equity, and inclusion (DEI). Corporate donors from our Volume 4 survey expressed interest in applying a social justice lens to their philanthropic strategies. Building on this conversation, we asked charities where they see themselves in the ongoing pursuit of equity.

When asked about DEI, the majority of respondents indicate having effective and active policies and procedures. Of these, over 82% are actively practicing their DEI policies in service offerings to beneficiaries while slightly fewer, nearly 81%, do so with regard to staff, board, and volunteers.

Which of the following statements are applicable to your organization? (N=657)

82.19%

We actively practice our DEI policies and procedures with regards to how we engage our beneficiaries and deliver our services

80.52%

We actively practice our DEI policies and procedures with regards to how we manage our staff, board of directors, and volunteers

What does the roadmap to resilience for charities look like?

To build resilience, charities understand the need to embed DEI into larger discussions on global philanthropy and their long-term strategies. Social progress relies on the continuous pursuit of DEI to produce more effective organizational and programmatic outcomes. This commitment to DEI is equally important to funders. According to a [Center for Effective Philanthropy report](#), in the US alone, 90% of foundations are actively supporting organizations that serve communities disproportionately affected by the pandemic.

Top Capacity Building Opportunities | Social Justice

Which of the following areas of support or advice would help you to improve? (N=733)

- 1 Ensuring all of our engagement with beneficiaries and our services are broadly accessible, inclusive, and equitable **64.67%**
- 2 Advancing equality, diversity, and inclusion in our communities beyond the pandemic **59.35%**
- 3 Ensuring broad access, voice, and involvement—especially for staff, board of directors, volunteers from underrepresented/underserved communities **47.75%**

To understand workforce diversity, respondents were asked about the inclusion of members of their beneficiary population on staff.

Percentage of **employees** who belong to the marginalized or underserved population you support?
(N=705)



0%	18.87%
1-25%	29.08%
26-50%	11.77%
51-75%	9.36%
76-100%	13.05%
I prefer not to answer	5.82%
Unknown	7.66%

Percentage of your **board of directors** who belong to the marginalized or underserved populations you support?
(N=698)



0%	41.69%
1-25%	21.92%
26-50%	7.88%
51-75%	5.44%
76-100%	6.45%
I prefer not to answer	6.16%
Unknown	7.45%

ROADMAP TO RESILIENCE

The *voice of charities* shared in this report is simultaneously inspiring and sobering.

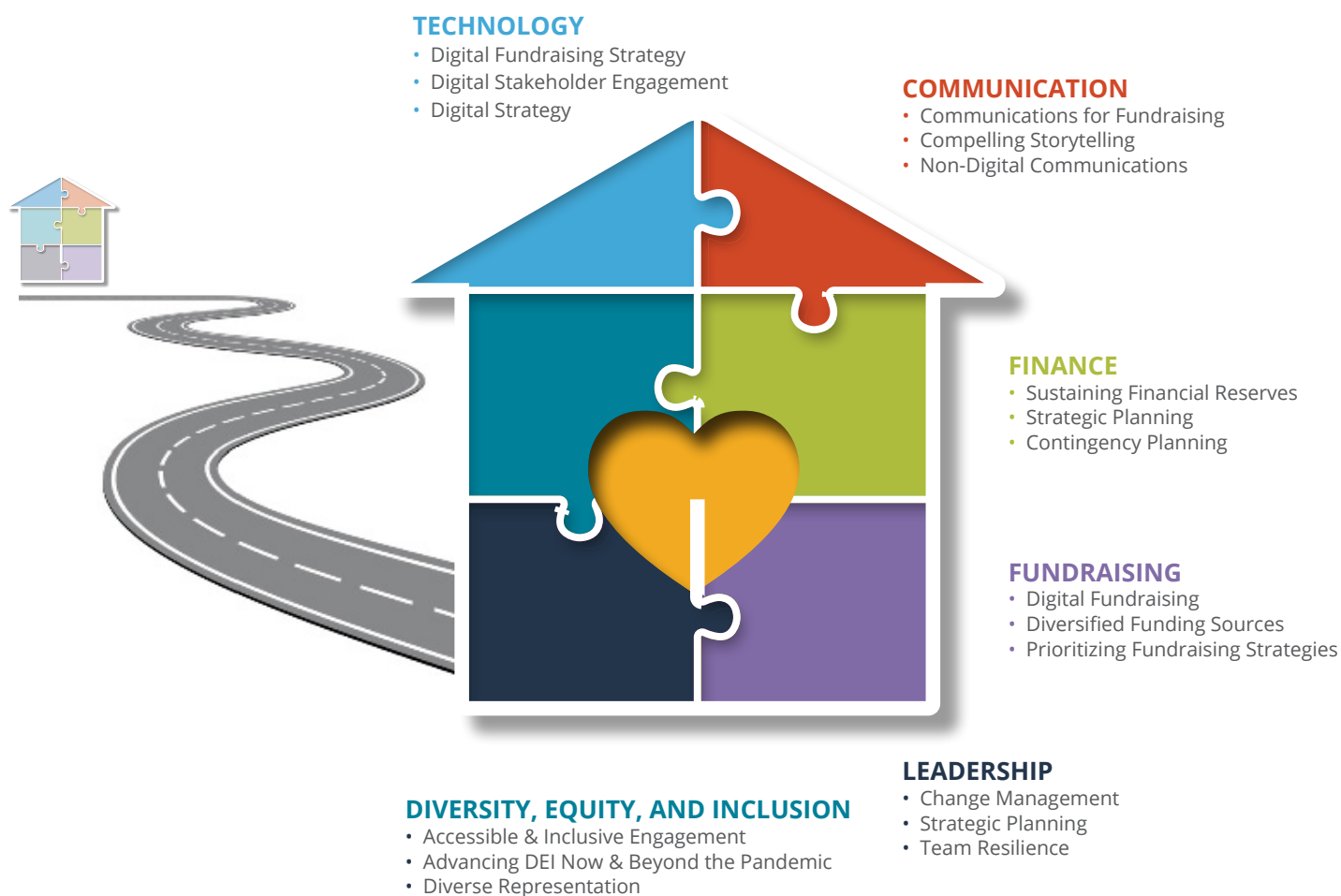
Faced with the seemingly insurmountable challenges of serving their communities during the pandemic, charities around the world continue to persevere by adapting programs, revamping strategies, and devising new tools to expand their impact.

While this report gives voice to those that are still standing, the sector has significantly contracted amid the pandemic. For example, according to the Johns Hopkins Center for Civil Society Studies, as of December 2020, it is **estimated** that the nonprofit workforce in the United States lost nearly 930,000 jobs (7.4%) compared to predicted February 2020 levels. It is clear that mission-driven organizations worldwide need help to continue to provide critical support to vulnerable communities reeling from this fierce pandemic.

The circumstances are not unlike those of the pandemic itself—there’s a continuous balancing act between ensuring medical treatment to COVID-19 patients and providing support to the essential workers caring for those patients. It is an *and*, not an *or*. **Both the served and those who provide the service are in need.**

The purpose of this report is to share the insights and perspective of charities at an unprecedented time. These “essential workers” are skilled organizations, uniquely qualified to support the rapidly evolving needs of vulnerable communities. Their work is inspiring and their resilience is critical. It is evident, however, that **new approaches to charitable giving are needed to build charities’ capacity to serve** in the uncertain months and years ahead.

Survey respondents have indicated their priority needs for capacity development in key areas of organizational management. With so much focus on program impact, a strategic approach to foundation building is often overlooked. Funders can use this information to support the resilience of individual charities and contribute to a robust charitable sector.



Since 1992, CAF America's core mission has been to facilitate domestic and cross-border giving by Americans to validated charities across the world.

Through donor advised giving and our industry-leading due diligence protocols, we enable our donors to make strategic, cost-effective, and tax-advantaged gifts while reducing the risk, reputational exposure, and administrative burden associated with cross-border giving.

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About The Resource Alliance

The Resource Alliance works globally to strengthen the social impact sector, by helping organizations of every size and type to develop the critical human, financial, and intellectual resources necessary to build a better world. **For more information, visit resource-alliance.org.**